

**Assembly Bill No. 1234**

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Passed the Assembly    August 31, 2002

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*Chief Clerk of the Assembly*

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Passed the Senate    August 27, 2002

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day of  
\_\_\_\_\_, 2002, at \_\_\_\_\_ o'clock \_\_M.

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*Private Secretary of the Governor*

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## CHAPTER \_\_\_\_\_

An act to add Chapter 2 (commencing with Section 3250) to Part 4 of, Division 1, of the Public Utilities Code, relating to natural gas.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1234, Pescetti. Production and transmission of public utility commodities and services: natural gas.

Existing law permits 3 or more natural persons engaged in the production of gas to form a cooperative association for purposes of selling gas produced by the association's members and performing other specified related functions. Existing law permits an association to acquire a real property easement from a public utility for the purpose of accommodating the association's gas plant, and provides that the easement shall be deemed to be held for a public purpose by the association, provided that the Public Utilities Commission finds that the use by the association is in the public interest.

Under existing law no public utility may sell, lease, assign, or otherwise dispose of property necessary or useful in the performance of its duties to the public, including easement rights for the transmission of natural gas, without first having secured from the commission an order authorizing it to do so.

This bill would permit an individual, partnership, limited liability company, or corporation (person) that is involved in the production of natural gas, to exercise all privileges of ownership of real or personal property as may be necessary or convenient for the conduct and operation of, or incidental to, transmission of natural gas and to acquire a real property easement from a public utility for the purpose of accommodating the person's gas plant, and provides that the easement shall be deemed to be held for a public purpose by the person, provided the commission finds that the use by the person is in the public interest. The bill would require, within 10 days of submission to the commission of an application by a public utility for an order authorizing the transfer of a real property easement to a person, that the utility provide written notification of the application and of the commission's



pending review to each owner of real property affected by the easement.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares that it is the intent of the Legislature to encourage the increased production of natural gas within the state. It is the further intent of the Legislature to encourage the private ownership, maintenance, and operation of natural gas pipelines operated for the sole purpose of gathering natural gas from producing wells, as a means to facilitate the increased production of natural gas production in the state.

SEC. 2. Chapter 2 (commencing with Section 3250) is added to Part 4 of Division 1 of the Public Utilities Code, to read:

CHAPTER 2. GAS PRODUCER ACQUISITION OF EASEMENT  
RIGHTS

Article 1. Definitions

3250. Unless the context otherwise requires the definitions in this article govern the construction of this chapter.

3251. “Person” means an individual, partnership, limited liability company, or corporation, but does not include an association, as defined in Section 3002.

3252. “Natural gas” means all gas produced in this state, natural or manufactured, except propane, for light, heat, or power.

Article 2. Acquisition of Easement Rights

3255. (a) A person involved in the production of natural gas may buy, hold, and exercise all privileges of ownership of real or personal property as may be necessary or convenient for the conduct and operation of, or incidental to, transmission of natural gas. Without limiting the foregoing, a person involved in the production of natural gas may acquire a real property easement from a public utility for the purpose of accommodating the person’s gas plant, and the easement shall be deemed to be held for a public purpose by the person, provided that the commission finds that the use by the person is in the public interest.



(b) Within 10 days of submitting an application to the commission for an order authorizing a public utility to transfer a real property easement to a person, the public utility shall provide written notification of the application and of the commission's pending review of the application, to each owner of real property affected by the easement. Costs of notification required by this subdivision shall be paid by the person to whom the public utility proposes to transfer a real property easement.



Approved \_\_\_\_\_, 2002

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*Governor*

